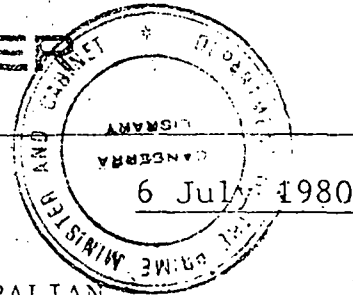




PRIME MINISTER



ADDRESS TO THE WESTERN AUSTRALIAN

LIBERAL PARTY STATE COUNCIL

We meet at this State Council in challenging but potentially rewarding times. Conditions in many overseas countries are extraordinarily difficult. The accumulated effects of inadequate economic policies; the steep and recurring increases in the price of crude oil; these have contributed to reduced productivity and lower growth rates in many countries in the industrialised world.

Because Australians have read in recent days about recession in the United States; because they have read of the inflation rate in Britain of over 20%; because they have read of the United States and British economies actually declining this year as production falls; they may be tempted to express concern about our own future.

But despite the difficulties that are being experienced overseas, I want to put it to you that there are very sound and well based reasons for having confidence in our future. Indeed, we are uniquely placed to meet the challenges of the 80s and to share significantly in its rewards.

The eventful and exciting week that I have just spent in Western Australia, confirms the spirit of confidence that exists in Australia about our prospects for the future. A new sense of purpose is emerging in our national way of life; an enthusiasm about our capacity as a nation; and a faith in, and a commitment to, our future.

This faith is based, not on rhetoric or political statement, but on economic reality. Under Labor, Australia's inflation rate had soared to 5 percentage points above the OECD average. Today it is 3.4% below this average and the margin in favour of Australia has been growing on the basis of published statistics.

The latest available inflation figures show Australia's inflation rate at 10.5%; less than half that of the UK; and significantly below the USA rate of nearly 15%. Indeed, over the last year, accentuated by the pressures of oil prices and of some commodity prices, inflation in Australia increased by a little over 2%,

much less than the increases in the United Kingdom, the USA, Japan, Germany and France, where the average rate of increase for all these countries was over 5%. But this is only one measure of Australia's improvement. We have reduced the Commonwealth deficit; our industries are now competitive; manufactured exports are up; and our balance of payments position is sound.

Overseas capital is being increasingly attracted to Australia for major development of , and investment in, Australia's resources. We have access to markets in Asia and the Pacific which can boast some of the fastest growing economies in the world. Because of our geographical position, we are closer to these markets. And that makes us a more attractive source of supply.

But there are other opportunities for Australia as a result of increases in the price of oil. Such increases have raised the transport cost of bulk commodities. This will contribute to Australia being increasingly seen as a country where our natural resources and our vast coal-based energy reserves are brought together in an expanding programme of raw material processing.

This is a decade which offers new horizons in investment and development. A recent report in the Australian Financial Review made explicit the confidence of British investors in the Australian economy; a confidence which they were reported as having said they could not gain elsewhere; a confidence which in the words of the report, "was conditional upon the continuation of a Liberal Government."

These investors proclaimed Australia as a country featuring a well managed economy, stable government and good prospects for the future. We have come a long way since 1975 when investment in Australia had ground to a halt. But the kind of success we enjoy has not happened by accident. It is a product of our general economic policy; our opposition to inflation and our incentives to investment; all these have lent impetus to private sector activity.

The Government is determined that a national programme of resource development should take place efficiently, in such a way that Australia will be a low cost producer in decades to come. The oil crisis of 1973/74 had underlined the potential disruption and instability that can be caused to Western economies too much dependent upon Middle East oil; and this has been re-emphasised by the oil crisis of the last 18 months. While these crises have posed problems for all countries, including Australia, they also offer opportunities for us that we are determined to take. As a result of co-operation with State governments and private industry, we are now embarked on a great programme of national development. This has required new initiatives from government. In the past, much of our national development has depended upon getting long term export contracts for iron ore, for coal and for other major resources. Of course that will continue and the demand for coal will increase as a result of the dramatic increases in the price of oil.

But because of the changes in the world energy situation, Australia has a unique opportunity to bring together our natural resources and our capacity to produce, by world standards, relatively cheap power. But for this to happen, new initiatives are being required of governments in order to increase their capacity for electricity generation. To make sure they respond adequately to the challenges of the new decade; to make sure that Australia, through private enterprise, is capable of taking advantage of the great opportunities before us; the Commonwealth convened an historic Loan Council meeting in 1978.

At this meeting, agreement was reached with the States for a special additional borrowing programme to provide necessary facilities and alternative sources of energy for Australia's programme of national development. Since then, special borrowing authority has been given for just over \$4,700 million of projects.

\$1,200 million of this is for projects directly associated with resource development. Almost \$3,000 million has been approved to increase Australia's electricity generating capacity.

Over 20% of all borrowing approvals - over \$1 billion - is for projects in Western Australia. And over 50% of the special borrowings for resource projects is earmarked for W.A.

If we are going to plan adequately for our future, we must have better and more efficient transport, especially in a country as large as Australia. Therefore, we are planning to upgrade and electrify significant railway lines in Australia.

Through all these programmes the Commonwealth, in conjunction with the States, will be assisting private investment worth many times that which the governments themselves will be undertaking. The development being supported by government is necessary for the industrial strength and vitality of this nation. It is necessary for attracting continuing investment from within Australia and overseas. Published figures bear witness to the extent of this investment.

In my election speech in 1977, I announced to the Australian people that "Australia is ready to go with 6,000 million dollars of development". I indicated then that "in the coming three years we can look to other vast developments".

This trend has gained momentum. In the two years after 1977, more than 6,400 million dollars of investment actually took place. But now many more great projects are coming on line.

In the latest survey of the Department of Industry and Commerce, the total value of Australian mining and manufacturing projects, at the committed or final feasibility stage, had risen from just over \$16 billion last October to almost \$29 billion in May this year.

Of the total projected investment, more than \$19 billion is in mining ventures; \$9 billion in manufacturing. And Western Australia, with less than 9% of the population, holds about 30% of the total investment reported in the survey - more than 8 billion dollars.

.../"

There is not the slightest doubt that with a well run economy in this country; with the high cost of transporting raw materials overseas; with the availability of natural resources and cheaper supplies of energy, there is going to be more processing of our raw materials in Australia.

This is already happening in the aluminium industry where there is over \$4 billion of new investment right around the country. Australia is experiencing an upsurge of investment in basic resources that will keep our economy expanding through the decade to come.

It is fair enough to ask what this upsurge means to the average Australian; what all this resource development means to an Australian family wanting a decent education for its children and a secure future for them in this country.

It is fair enough for this question to be asked by those who believe that this is the best country in the world in which to bring up a family.

The answer is straightforward. A nation can only consume what it produces. If a family spends more than it earns, trouble lies ahead. So it is with a nation. A nation cannot consume what it doesn't work for. If we want improved standards of living; if we want improved education, health and welfare programmes; the kind of roads which your Premier fights so avidly to achieve; all of these can only be provided from the wealth earned by the people of this nation.

There is no particular value in resource development for its own sake. Its merit lies in the jobs that it provides for Australians; and in the opportunities that it makes available to individuals and to our community to share in a high standard of living as a result of sustainable economic growth.

The level of economic activity currently underway in Australia demonstrates a new respect for Australia and a new confidence in our future. This activity is broad based, shared by our great rural industries. Because the government has been able to secure better markets for our rural exports Australian farms are entitled to be optimistic about their long term future.

Prices for sheep, for wool, cattle, wheat, sugar and for other smaller but important rural industries are reasonable. It is not often that this happens at the one time.

Manufacturing industry is also doing much better. Last year manufacturing exports increased by nearly 30%.

Australia is on the go. Our policies are designed to enable all Australians to save and be independent; to manage their own affairs; to make decisions about their families; and

to secure their own futures through the rewards from their own efforts. In this sense, Liberal policies are policies of opportunity. But they are also policies of concern for those who are disadvantaged and in need of more particular help.

In these last four years, while practising stringent government restraint, our welfare commitment has not been compromised. Care for the aged is an important concern of the whole community, as it is of governments.

In significant measures to secure this, the Government has replaced the complex means test for aged pensions with a fairer and more easily understandable income test. We have approved the building of over 500 new self-contained hostel and nursing home projects and have already determined that this programme will continue for the next three years. These initiatives have been complemented by our concern for the family.

We have introduced family allowances designed to help low income families. By July the first this year, the spouse rebate had increased from \$400 to \$800 during our term of office. The sole parent rebate has arisen from \$200 to \$559.

Since we came to office, we have extended the supporting parent's benefit to include supporting fathers. This represents pioneering assistance to single income earners.

In our first budget, we introduced triennium funding to enable organisations to provide more certain and effective help for handicapped persons.

Over the last three years, the funds that we have made available through this programme have increased by almost 80% in real terms, over the levels that operated in the last three Labor years. Further sums for capital and recurrent expenditure have already been approved by the government for the next three years and these will ensure continued expansion of services for disabled people.

These services include the provision of training centres and sheltered workshops for handicapped adults; day training centres for handicapped children; activity therapy centres; and residential facilities for people who need special accommodation to enable them to engage in normal outside employment. With these facilities, disadvantaged people are able to demonstrate to themselves and to their own families and communities that they have skills; and that, with these skills, they can contribute usefully to society and to their own self-esteem. Beyond this, we increased the handicapped children's allowance by 50% soon after we came to office.

At that time, it was only paid to the severely handicapped. In 1977, we widened the eligibility for the allowance to include substantially handicapped children whose family income is low. We have widened the eligibility criteria for rehabilitation assistance. The result is that, in the year ended June 1979, a record number of people was accepted for rehabilitation. And in 1978, we recognised the special needs of handicapped students when we extended the allowance to cover students over 16 and under 25 who are not in receipt of an invalid pension.

These are significant achievements. As politicians and as a party, we have sold ourselves short on our policies of concern, and our achievements that have resulted from them. These achievements have not been adequately recognised, yet they represent a massive commitment to the needy people of the Australian community. Not only do our achievements demonstrate that we are better economic managers than our political opponents, but also they represent a record of concern for the disadvantaged in realistic and practical terms that will stand the test of time. It is because of these achievements; it is because of our policies of opportunity and concern that we are entitled to feel optimistic about Australia's future.

But we need to understand that the competitive gains we have made have been hard won. We also need to understand that gains so painstakingly made can be easily eliminated by irresponsible behaviour and irresponsible policies.

There are two things that could destroy Australia's future. First, the strike action of left wing, extremist and often Communist led unions which dislocates significant industries and could place in jeopardy our economic recovery. And secondly, the kind of policies that our political opponents, increasingly subservient to the left wing, would put into effect if they ever again won the confidence of the Australian people.

Only last year, strikes in the Pilbara region resulted in a loss of iron ore exports of more than \$100 million. Over one-quarter of a million man days were lost.

At a time when our industries have achieved a competitive edge in terms of cost and price, we cannot afford to sacrifice these gains by developing a reputation as unreliable suppliers.

Real success lies in front of us in a difficult world, so long as we do not defeat ourselves. The Commonwealth and this State have both legislated to strengthen our industrial laws. The Trade Practices Act now applies to secondary boycotts. Yet resolutions of the ALP conference in Adelaide last year, binding on every member of the ALP, show how little the Labor Party understands the need for this.

For at that conference the Labor Party committed themselves to the:

"Rights of unions to regulate their own affairs...free from government and judicial interference".

Labor is also committed to:

"...repeal..all penalties for strikes against ... decisions of the (Arbitration) Commission or a conciliation committee..."

They are further committed to prohibit,

"...clauses in awards or agreements (which prevent) the right of workers to resort to industrial action".

And in case that doesn't cover every union which wants to do as it likes, the Labor Party has further committed themselves to guaranteeing the,

"...immunity of unions and their members... in..(the)..furtherance of a Labor dispute".

Such immunity is not available to any Australian citizen or to any corporation. But if by supporting such policies, the Labor Party want to commit themselves to perpetual opposition, who are we to complain. The Australian electorate will never support a political party which seeks to place the union movement, large and powerful as it is, above the law. Yet, at its conference last year, the ALP endorsed a deal between Mr Hayden and the Socialist left which made sure that future ALP economic policy would be dominated by the trade union movement.

It was later revealed that this policy was written by Mr Hayden and the Amalgamated Metal Workers and Shipwrights' Union; the union with the most left wing and irresponsible leadership in the country.

It was a policy which Mr. Hawke called "a gutless sellout to the Left". It was this socialist left that Mr. Hawke later described as a 'canker' within the ALP; a canker which now claims Mr. Hayden as its captive.

We are entitled to ask whether such an extreme movement, is not bent on undermining Australia's economy and doing grievous damage to the fabric of our free society.

As a measure of the control exercised by the left wing within the ALP and the ACTU, we are now in the midst of the selfishness and stupidity of the 35-hour week campaign. It is a campaign that can only lead to more unemployment; to higher prices; and fewer goods being sold here and overseas. Already, Alcoa have indicated that they will shut down the Pinjarra plant. And if the 35-hour week campaign were to succeed, many other businesses will be damaged and many more people will be unemployed. Regrettably, it is a campaign supported by resolutions of last year's ALP conference and ACTU congress.

On this issue, the whole Australian community must make it perfectly plain that to avoid damage and disruption to Australia's economic recovery, the campaign for a 35-hour week must be defeated with all of the vigour we can command.

If the Labor Party is serious about economic growth which alone can lead to more employment, let it abandon now, by example and by direction, selfish and irresponsible claims to shorter working hours. Let it condemn the level of disputation provoked by militant left wing union leadership in pursuit of unreasonable demands. Mr. Hayden once said that he would condemn irresponsible union action, but he's not yet found an irresponsible union act to condemn! It is no wonder a journalist in the Melbourne Age only recently was prompted to remark that: "... some aspects of Labor policy as presented by senior spokesmen are remarkably similar to those of one or other of the Australian communist groupings".

Indeed, in relation to the Soviet invasion of Afghanistan, while the Labor Party have verbally condemned the Soviet Union, they have sought to frustrate all actions designed to demonstrate effective international opposition to Soviet expansion. The Australian community is entitled to ask why.

It is very hard to name another major political party that has taken the same isolated attitude; an attitude that has, to our repugnance, put Australia alone alongside communist Laos and communist Vietnam in our part of the world.

Why does Mr. Hayden try to suggest that President Carter is reacting to the invasion of Afghanistan for domestic political reasons? It is totally offensive to a major defence ally and traditional friend. Does he suggest that Margaret Thatcher, who has just won an election, is taking her stand for domestic political reasons? Or Pierre Trudeau, who announced the same policy just after his election. Or Mr. Muldoon and Mr. Rowling, the Labor leader in New Zealand - have they taken their stand for political reasons?

Mr. Hayden's capacity to deny Australia's true interest and to offend our traditional friends is as great as that of his predecessor.

In my statement of 19 February this year to the Parliament, I said that in the light of Soviet actions in Afghanistan, there existed an urgent requirement for independent nations to demonstrate to the USSR in a convincing fashion, and beyond any doubt, that the will and resolve to meet new challenges exist. The main burden of doing this must inevitably fall on the USA. But it is essential that Australia, along with other allies, provide as much support as possible. The cohesiveness of independent nations around the world can have a profound influence on the behaviour of the USSR. With the invasion of Afghanistan, the Indian Ocean has assumed a greater strategic significance.

Because of the difficulties of the world situation, the Government has announced a greater allocation of resources to defence. Under the five-year programme, there will be an average increase in defence expenditure of 7% per annum in real terms. This is indicative of the Government's resolve. There are direct implications for Western Australia in this development. We are expanding the facilities at Cockburn Sound. Our ships are base-ported there now; by 1983, when facilities are established in the area, they will be home-ported in Cockburn Sound.

We have discussed the use of these facilities with the U.S.; and have offered them the use of Cockburn Sound, if they so wish, for significant units of their fleet. The Learmonth Air Base is to be expanded and improved; to fill the gap between Learmonth and Darwin, a major RAAF base is being established at Derby, at a cost of nearly \$50 million. An amphibious training area will be established in Western Australia where our forces, and those of our allies, will be able to exercise.

We have made a number of other major decisions on defence. We have ordered a fourth FFG guided missile frigate and 75 new tactical fighters will be purchased. All the Orion surveillance aircraft will be equipped to carry the harpoon anti-shipping missile. At a cost of around \$80 million, a second underway replenishment ship will be built to enable our combat units to stay at sea for long and extended periods. We will order additional patrol boats to be built at Cairns. And we know we will have the support of the whole community in expanding the Army Reserve to 30,000 by the middle of next year.

Our defence programme takes full account of our paramount responsibility to all Australians. This responsibility increases with our recognition that, in a difficult world order, we have much to be thankful for. Our strong and competitive economy has recharged our national capacity; confirmed our success as a government. Sometime later this year, as a Government, and all of us as Liberals, will be judged before the court of the Australian people. Once the result of the election was clear on 13 December, 1975, I made it plain that the purpose of my Government would be to govern fairly and responsibly for all the people of Australia. I believe we have discharged that responsibility honourably and with a sense of purpose.

Now another election lies before us; of great importance, especially for those of us with a deep faith and conviction about the future of Australia; with an idea and a new ideal of what we want Australia to become. What happens to Australia matters very much.

We have a particular philosophy in which individual men and women are paramount; a philosophy which recognises that the end of government is not power or authority, but the service of people, their freedom and their dignity; their self-esteem and their capacity to lead rewarding lives.

Your support in the weeks and months ahead is enormously important in the task of securing Australia's future. Your understanding of our policies, your knowledge of the difficult decisions; your advocacy and your defence of those policies and decisions - all these are vital elements to our continued success.

The Western Australian Division has always been vigorous and hard working, and I thank you for all your support over the past years.

But elections that lie ahead of us are always more important than elections already won. Every election needs to be fought hard with all the strength at our command, and I know the full force of this Division will be directed to that purpose.

Australia has an unparalleled future.

As Liberals, we have a great responsibility, and a great challenge to see that what we achieve today, improves for our children the quality of the life they will lead.

Let us accept that challenge and pursue it single-mindedly; with energy, commitment and success.

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